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Urban Development & Housing Department

Resolution
28 May, 2016

Subject : Jharkhand Water User Charge Policy, 2016 - For Urban Areas

Resolution No.- 2910-- After the creation of State of Jharkhand on 15th November 2000, the trend of migration from rural to urban areas is significantly in a higher side. Urbanization for the state now stands at 24% whereas for India it is 31.2%. As the urban population participated in the growth of the state, Sustainable supply of safe drinking water in urban areas is one of the most urgent issues on the social consumption side and hence needs top priority.

The National Water Policy 2002 as well as the **Jharkhand State Water Policy 2011** defines water as a prime natural resource, a basic human need and a precious national asset. Accordingly, both policies accord highest priority to water supply for human and livestock consumption for drinking and domestic use.

In view of the above, the State Government has decided make effective of the **Jharkhand Water User Charge Policy, 2016 - For Urban Areas**. This resolution shall include the following provisions :-

1 Background :-

Jharkhand has an urban population of 7933061 (24.05% of total according to census 2011) which is growing at the rate of 2.3% per annum. Sustainable supply of safe drinking water in urban areas is one of the most urgent issues on the social consumption side and hence needs top priority.

The National Water Policy 2002 as well as the **Jharkhand State Water Policy 2011** defines water as a prime natural resource, a basic human need and a precious national asset. Accordingly, both policies accord

highest priority to water supply for human and livestock consumption for drinking and domestic use.

Water in most Jharkhand cities and towns is underpriced, with damaging long-run consequences for households, who receive limited and poor quality water services; for water supply entities, who are unable to invest in, maintain and expand water services for all; and for resource sustainability, as over-extraction is leading to rapid degradation of water sources. This highlights the paramount need for financial viability of urban water supply operations.

2 Statutory provisions:-

According to the Jharkhand Municipal Act 2011, the “state government has power to abolish, suspend, reduce or increase the rate of tax levied by the municipalities”. According to the Act, the municipal body can levy/impose taxes on water.

3 Vision statement :-

To provide universal access to potable piped water supply on a 24x7 basis in an economical, equitable, operationally and environmentally sustainable manner.

4 Levying/Revising water user charges:-

Levying user charges is for the purpose of full cost recovery of a service, which includes operational as well as capital cost, some considerations are very important. As per the norm, levying and revising user charges need to be accomplished with utmost care so as not to pass on the cost of present inefficiencies in the services of the service providers. Additionally, there is a need to protect the interests of the urban poor and other vulnerable groups.

In case of the revision of user charges, increase of the fee must not be the first option. Upward revision of the user charges can be a option if the same is underrated in comparison to the cost as well as quality of a particular service rendered by the ULB. There are ways to achieve the objective of full cost recovery, other than mere increase in the user charges. It can be achieved by the following means:-

- a. Increase in the coverage of service and the user base
- b. Reduction in losses (commercial and technical losses)
- c. Improvement in the method of measurement of a service
- d. Improvement in billing and collection efficiency

While levying/revising user charges, the following key objectives must be adequately balanced:-

- i. **Cost Recovery**- on aggregate, user charges recovered from the consumers must produce revenue equal to the financial cost of the service.
- ii. **Economic efficiency**-fix user charges equal to their relevant marginal costs.
- iii. **Equity**- user charges must treat similar service users equally, but customers in different situations are not treated the same. Users pay services, which are proportional to the costs of providing the same.
- iv. **Affordability**- while the basic objectives of water user charges is to recover service costs, the charges levied, should be affordable to the users. The ULB must choose affordable service levels and ensure efficient service. They can cross subsidize the costs to address the issue of affordability by vulnerable sections.
- v. **Resource conservation**- to discourage “excessive” and “wasteful” use of public goods and services.

- vi. **Acceptability**- to make user charges successful, it must be accepted by the people and the peoples representatives.
- vii. **Simplicity**- to make user charges structure simple and easy to comprehend for both service providers (ULBs) and service users (citizens).
- viii. **Feasibility**-to make water user charge feasible both for the service provider and the service users.
- ix. **Transparency** - to be transparent regarding fixation, revision and implementation of user fees. The service users should be provided with full information on all aspects of the service.
- x. Strengthening the institutional and legal framework.
- xi. To promote public private partnership.
- xii. To develop comprehensive monitoring mechanism and increase service provider mechanism.
- xiii. Generating awareness, sensitizing citizens, enhancing capacity and encouraging community participation.

5 **Justification of the water user charges reforms:-**

The following provides justification for levy or revision of user charge.

- i. Rational user charges will recover cost and financially strengthen the ULBs to provide quality services on sustainable basis.
- ii. It will help in generating surplus for expanding or upgrading a service and provide service from demand perspective.
- iii. It will encourage people to realize the need for conservation of precious resources by reducing wastage and optimizing usage.
- iv. It can be used as a redistributive mechanism; as differential tariffs can provide services to the urban poor and other vulnerable groups at cheaper rate.
- v. Full cost recovery will discourage the ULBs to divert or consume resources meant for other services or sector.

6 **Benefits of water user charges reforms:-**

Benefits of water user charge reforms will accrue to the citizens as service users, ULBs and state/central governments in the following manners.

a) **Citizens as service users-**

- i. Rational tariffs coupled with efficiency measures will ensure optimum services delivery and thus citizens as service users will get value for their money.
- ii. Appropriate allocation of the service cost to the poor and non poor segments of urban society will be possible.
- iii. Appropriate tariffs will empower service users to demand quality service thus ensuring accountability on the part of the ULBs.

b) **ULBs as service providers-**

- i. Full cost recovery will generate resources that in turn will help to sustain, Upgrade and on time expansion of services to meet the ever-increasing demand.
- ii. Full cost recovery will help in freeing up resources for social sector investments like education, health and nutrition.
- iii. Users pay rational charges for a financially sustainable service.
- iv. It will contribute to overall improvement in service delivery, accountability and urban governance.

c) **State/central government-**

- i. Reduced financial dependence of ULBs on the state and central governments will help in freeing up financial resources for other priority sectors.

- ii. It will help the governments to provide subsidies in a more transparent manner to ULBs that are still in need of continued additional financial support because of their locations or environment disadvantages.

7 **Key issues and challenges:-**

- i. Depleting water sources and deteriorating source sustainability
- ii. Over extraction of ground source in major urban areas.
- iii. Poor management of solid and liquid waste which finds its way into the water bodies, subsoil aquifer, leading to source pollution.
- iv. Inadequate production leading to coverage limitation.
- v. Importance to operational efficiency not given due importance leading to increased operating cost.
- vi. Poor pressure management leading to inequitable distribution and hence low consumer base.
- vii. NRW (Non Revenue Water) management has not been made effective leading to higher water loss.
- viii. Cost recovery is poor making the service unsustainable.
- ix. Lack of resource and capacity of the service provider
- x. Poor citizen communication and weak awareness campaign.

8 **Challenges**

(A) **Social–**

- i. To change citizen perception on potable water as a scarce resource having economic value which comes with service cost attached.
- ii. To eliminate unauthorized connections and default

(B) **Political–**

- i. Support for structural reforms and empowerment of ULBs
- ii. Support to promote rational tariff structure.

(C) **Legal–**

- i. Framework for handling illegal connection.
- ii. Strengthen urban water law and regulatory framework.
- iii. Simplify procedures and conditions for ensuring universal access.

(D) **Management–**

- i. Transfer of functions and empowerment of ULBs.
- ii. Undertake structural reforms including corporatization of DW& SCD.
- iii. Promote PPP model in the sector.

(E) **Financial –**

- i. Improve financial viability of projects.
- ii. Resource availability for investment plan.

(F) **Operational –**

- i. System revamping as per technical criteria due to lack of holistic approach.
- ii. Frequent breakdown due to lack of preventive maintenance or timely replacement.
- iii. Reliable data capture for monitoring
- iv. Technical capacity of operational units.

9 **Steps to implement reforms:-**

Implementing user charge reforms involves not only recovering cost incurred on provision of service, but also achieving economic efficiency (efficient investment allocation and distribution system), equity and affordability (minimum lifeline rates). The following steps must be followed while implementing user charges reforms:-

- a) Assess the real cost of operations and maintenance for each service. The ULB must ring-fence all the related costs pertaining to a specific service with clear demarcation in capital and revenue accounts. This permits the identification of

the real costs for O&M so that the unit cost which needs to be recovered from the users can be assessed for the respective service.

- b) Set principles for cross subsidization to ensure affordability and recovery at the same time. Establish affordability levels of low-income vulnerable groups through occasional surveys.
- c) Ensure volumetric pricing wherein the user is charged based on consumption (water supply). However, in the absence of measurement systems, a simple telescopic flat tariff system can be followed until the measurement system are in place. Prepare a progressive and rational tariff plan for ensuring recovery of total O&M costs, with immediate effect.
- d) Make strategy to reduce commercial losses by improving management efficiency by way of improving billing and collection system.
- e) Make strategy to reduce physical losses and make budgetary provision for the same.
- f) Carefully plan increase in tariff caused by inflation after consultation with user groups
- g) Infrastructure renovation, rehabilitation and replacement.
- h) Water quality; a water quality monitoring protocol and surveillance guideline shall be developed for regular monitoring and reporting.
- i) Fixing the leaks should be given highest priority because the leaks constitute a major source of water and revenue loss.
- j) The billing system should be improved in order to increase the amount of revenue collected for water.
- k) Illegal as well as free water sources (public stand posts etc.) should be eliminated step-by-step as soon as more households get (legally) connected.
- l) Water accountability and metering –the ULB will strive to approve all new connection with meter and similarly for all old connection ULB will fix a time line during which these connection will be provided by water meter. Based on the available circumstances ULB will strive to place a SCADA system to monitor overall water supply network.
- m) e- Governance- it shall be introduced in a phased manner through implementation of a MIS system up to grass root level. Tax can be collected through banks/online/CSC/JSK etc.
- n) Water supply to slum: as a immediate measure all slum should have access to water. Piped water supply to slums will be ensured in a phased manner through community involvement.
- o) Disaster management: a plan will be prepared consistent with the provisions of Jharkhand. Disaster management policy.-Adequate equipment will be deployed at ULBs level. Field level employees will be trained in handling water supply during and after disaster situation.
- p) Institutional
 - i. Capacity Building: a well-articulated training module and calendar shall be developed for capacity development. State urban development Agency shall be strengthen to act as the nodal agency to undertake capacity building on operations, monitoring and management.
 - ii. Institutional mechanism and strengthening committees at ULB and state level may be set up to monitor, review and advice on implementation of the policy framework if required.
- q) Awareness and IEC activity: a well articulated awareness campaign shall be implemented to influence the consumer perception of the sector and help to sensitize them.
- r) Water audit- audit of water supply and quality.

- s) Monthly user charge (in case of non metered connections). Quantitative user charge (in case of meter connection) will be revised on every 3 years
- t) Following rules will be implemented.
 - i. Below Poverty Line families shall be exempted from water connection charges. However they will have to pay consume recharges only.
 - ii. A connection charge is a onetime charge and other consumption charged is either paid every month or at a pre determined time.
 - iii. For APL families area based rates /charges will be applicable.
 - iv. Differential rates for water connection and water user charge will be notified separately.
 - v. Meter connection will be compulsory for every household. Metering should be promoted as a means of improving operating efficiency, and transparency. This system will encourage consumers to efficiently use and water thereby lowering the cost.
 - vi. Apartments shall have to pay 2 months advance as security money.
 - vii. Industrial areas charges will be high as compare to other areas.

10 Categories of Consumer:-

Establish and notify the categories of consumers as suggested below:

- a) Residential connection. Includes both individual consumer and bulk consumers or Apartment.
- b) Commercial connection
- c) Industrial connection - includes small scale industries (S.S.I) units and industries other than SSI units.
- d) Institutional connection.

11 Steps for new water connection:-

- a) ULBs are entitled to charge the water user charges.
- b) ULB will have the power to collect the one time Connection charge from the consumer in a staggered manner in the form of EMI within one year.
- c) Meter installation will be done by the urban local bodies or by the user.
- d) ULB may collect installation charge separately for providing connection to the house hold.
- e) Consumer will submit the application for new connection with all necessary documents to the concerned officer at ULB. Consumer can also apply online.

12 Operation Manual of Water Connection Approval System For All ULBs:-

Water connection Approval for all ULBs system have three layers of stages ie primary verification, site inspection and higher authority approval process after submitting WCA form and its required documents on Water Connection Approval (WCA) system available on this portal.

The above said two layers hierarchy has been being followed at all Urban Local Bodies (all Municipal Corporations, all Municipal Councils, all Nagar Panchayats, all NACs (Notified Area Committee), all Municipality and Other (RRDA (Ranchi Regional Development Authority), MADA (Mineral Area Development Authority), HMG Hazaribagh)

Particulars	Guidelines to avail water connection approval
Primary Information for Applicant	Water connection Approval requires applicant to fill the online application form (WCA form) and upload required documents on Water Connection Approval (WCA) system available on this portal.
WCA System	Applicant is expected to fill up the form correctly on WCA System
Required Documents to be uploaded for avail water connection approval	<p>Applicant is expected to submit following documents to counter clerk to avail the water connection approval such as</p> <ol style="list-style-type: none"> In case of the applicant possess a holding no. then the applicant has to submit any one proof of identity of the applicant. If the applicant does not possess a holding no. then the applicant has to submit current address proof and any one proof of identity. Identity Proof includes (Driving License, LPG Connection Card, Ration Card, Electricity Bill, BSNL Phone Bill, Voter ID card, Registered Sale deed of related land purchase with mutation correction slip, UID/Adhaar card, Bank passbook with applicants, PAN card, Passport, Photo identity card issued by any govt. agency) In case of bulk consumer or Apartment secretary of the society has to submit address proof and minutes of the meeting of the society. In case of Applicant is Tenant then he/she should submit the Consent Letter from Landlord in the form of an affidavit In Case of Applicant belongs to BPL Category then he/she should submit the photocopy of BPL card/ BPL Number

Operation Manual of Water Connection Approval System

First Stage: Primary Verification

Concerned Official	Duties and Responsibility	Expected Timeline
Dealing Officer (Primary Verification)	Dealing Officer of Water supply Department will scrutinize the basic information	48 hours

Second Stage: Site Inspection

Concerned Official	Duties and Responsibility	Expected Timeline
Junior Engineer (Site Inspection)	Junior Engineer (JE) of respective ward will receive the request and go to field for inspection and prepare the inspection report and send it along with proposal details to section head of water department	4 days

Third Stage: Higher Authority Approval Process

Concerned Official	Duties and Responsibility	Expected Timeline
Section Head	Section head (water department head) will give the recommendation on the basis of JE's inspection report and forward the file to assistance engineer	48 hours
Assistant	Assistance engineer will check the technical	48 hours

Engineer	background of water connecting process and forward the file to executive engineer	
Executive Engineer / Executive Officer / CEO /MC	Executive Engineer / Executive Officer / CEO /MC will pass the final order for installation of water connection	48 hours

Implementation		
Concerned Person	Duties and Responsibility	Expected Timeline
Applicant	Applicant will arrange the plumber and buy meter with ISI certified and confirm to ULBs by providing installation report within 15 days after getting order of installation	15 days

13 Policy evaluation:

- i. Policy may be reviewed as and when required for assessing its effectiveness and making changes if necessary.
- ii. This policy will be included as a segment of a broader Urban Water Policy, as and when this is formulated
- iii. This policy shall come into force from the date of issue of this resolution.

14 Power of the State Government

- i. Notwithstanding anything contained in the foregoing paragraphs of the **Jharkhand Water User Charge Policy, 2016 - For Urban Areas**, the State Government by issuance of notification in the official gazette may amend or withdraw any of the provisions and / or the schemes mentioned herein above.
- ii. If any difficulty arises in giving effect to provisions of the **Jharkhand Water User Charge Policy, 2016 - For Urban Areas** and /or if any dispute arises about the interpretation of any provisions of the said policy, the same shall be referred to the Chief Minister through Chief Secretary and thereon the decision taken shall be final.
- iii.

By the order of the Governor of Jharkhand,

Arun Kumar Singh,
Principal Secretary
Urban Development and Housing Department
Jharkhand, Ranchi.
